Pomona Investment Fund: Recent Liquidity Highlights

Potential benefits of secondaries

A key benefit of a private equity strategy focused on secondaries is its potential to provide an enhanced liquidity profile compared to a primary-focused strategy. Because secondary investors enter after the investment period is complete, the underlying portfolio is much closer to the point of realization. This typically allows investors to mitigate the J-curve and shorten the duration of their investment.

Pomona enhanced liquidity

Pomona typically purchases seasoned funds well into their 10-year life cycle whose commitments are 70–90% called. Pomona manages the Pomona Investment Fund (PIF) portfolio to receive cash distributions as the more mature assets are realized, while also adding younger assets to the portfolio that are expected to enter the growth phase. This maturity profile has led to an enhanced liquidity profile and, in our view, puts PIF in a strong position to comfortably meet its outstanding commitments and to nimbly respond to new investment opportunities.

29%

Average annual portfolio liquidity[1] (as % of NAV)

9%

Average annual distribution[2] to shareholders

Notable liquidity events

Below is a list of articles that discuss recent liquidity events related to portfolio companies in which PIF invests through its private equity holdings. Please refer to the recent headlines and corresponding links below for more information on these liquidity events.

U.S. LBM Announces Joint Ownership Agreement with Bain Capital Private Equity and Platinum Equity

U.S. LBM, a distributor of specialty building materials in the United States, announced the signing of a definitive agreement for Platinum Equity to acquire a stake in the company from Bain Capital Private Equity ("Bain Capital"). Bain Capital and Platinum Equity will have equal ownership stakes and joint Board governance. U.S. LBM will continue under the leadership of Founder, President and CEO L.T. Gibson and the current management team.

Founded in 2009 with 16 locations in three states, U.S. LBM has grown into one of the nation's leading distributors of specialty building materials, operating more than 450 locations throughout the country. The company offers a comprehensive portfolio of specialty products, including windows, doors, millwork, wallboard, roofing, siding, engineered components and cabinetry.

1. As of 12/31/23. Source: Pomona Capital. For each full calendar year, a percentage calculated as the quotient of (a) total dollar amount of all distributions received by PIF for the 12-month period ended December 31 of each respective year and (b) the average value of PIF's portfolio for the 12-month period ended December 31 of each respective year. The average noted above represents the arithmetic mean of the annual liquidity percentages calculated for each full calendar year since PIF's inception.
2. As of 12/31/23. Source: Pomona Capital. Total amount distributed by the Fund to its shareholders in Class A on an annual basis as a percentage of the Fund's most recent net asset value prior to such distribution. Annual distribution percentage excludes 2015, as this was a partial year given that the Fund commenced operations on 05/07/15.

Acino Completes Acquisition of M8 Pharmaceuticals, Significantly Expanding Presence and Capabilities in Latin America

Acino, a Swiss pharmaceutical company headquartered in Zurich, announced that it has completed the acquisition of M8 Pharmaceuticals (M8). This specialty biopharmaceutical company, headquartered in Mexico City, is focused on licensing, marketing and distributing innovative and established medicines in Mexico and Brazil.

M8, formerly a Montreux Growth Partners portfolio company, brings a portfolio of well-known proven brands and innovative products, a deal-making platform and an outstanding reputation among its partners. In addition, it has built a large pipeline across a broad range of key therapeutic areas, including the central nervous system, cardiometabolism, respiratory, gastroenterology, oncology, hematology and rare diseases.

Highlander Partners Announces Palmex and Benestar Brands Merger and Pretzilla Spin-off

Highlander Partners, L.P. ("Highlander"), a Dallas-based private investment firm, announced the merger of its portfolio company, Benestar Brands ("Benestar"), with Palmex S. de R.L. de C.V. ("Palmex" or the "Company"), a portfolio company of Wind Point Partners ("Wind Point"). In this strategic move, Wind Point will become the majority shareholder of the combined business, while Highlander will retain a significant minority position.

Based in Chicago, IL, Benestar Brands operates as a holding company for brands of snack products, including Mac's, 4505, Pretzilla, Turkey Creek, Cazo de Oro, PORQ and Chicas Tortilla Chips. These brands encompass a variety of snack options, including pork rinds, tortilla chips and other extruded snack products. The merger positions the combined entity as one of the leading providers of Hispanic and better-for-you salty snacks in the American salty snack industry.

Spain's Adam Foods Buys Poland Biscuit Manufacturer dr Gerard

Spain-based food manufacturer, Adam Foods, has acquired biscuit manufacturer, dr Gerard, from the Bridgepoint investment fund. The terms of the deal, which was finalized October 5, 2023, were not disclosed. dr Gerard, which has been owned by Bridgepoint since 2013, generates a turnover of €130m ($137.5m) and employs 1,100 staff. The company has two factories in Poland and runs subsidiaries in Hungary and Romania.

American Securities Announces Agreement to Sell Paragon Medical

American Securities LLC, a U.S. private equity firm, announced that it has entered into a definitive agreement to sell Paragon Medical ("Paragon" or the "Company"), a global industry leader in highly engineered medical components and instruments, to AMETEK, Inc. (NYSE: AME) ("AMETEK"), a global provider of industrial technology solutions, in an all-cash transaction valued at approximately $1.9 billion. The transaction is subject to customary closing conditions, including applicable regulatory approvals.

Founded in 1991 and based in Pierceton, Indiana, Paragon provides a diverse, industry-leading product portfolio of solutions to blue-chip and emerging original equipment manufacturers ("OEMs") across diverse medical end markets. By leveraging its fully integrated commercial, operations and organizational infrastructure, the Company aims to deliver superior performance in product quality, reliability, innovation and customer service.

Risks of investing

Discussed below are the investments generally made by Investment Funds and the principal risks that the Adviser and the Fund believe are associated with those investments and with direct investments in operating companies. These risks will, in turn, have an effect on the Fund. In response to adverse market, economic or political conditions, the Fund may invest in investment grade fixed income securities, money market instruments and affiliated or unaffiliated money market funds or may hold cash or cash equivalents for liquidity or defensive purposes, pending investment in longer-term opportunities. In addition, the Fund may also make these types of investments pending the investment of assets in Investment Funds and Co-Investment Opportunities or to maintain the liquidity necessary to effect repurchases of Shares. When the Fund takes a defensive position or otherwise makes these types of investments, it may not achieve its investment objective.

The value of the Fund's total net assets is expected to fluctuate in response to fluctuations in the value of the Investment Funds, direct investments and other assets in which the Fund invests. An investment in the Fund involves a high degree of risk, including the risk that the Shareholder's entire investment may be lost. The Fund's performance depends upon the Adviser's selection of Investment Funds and direct investments in operating companies, the allocation of offering proceeds thereto, and the performance of the Investment Funds, direct investments, and other assets. The Investment Funds' investment activities and investments in operating companies involve the risks associated with private equity investments generally. Risks include adverse changes in national or international economic conditions, adverse local market conditions, the financial conditions of portfolio companies, changes in the availability or terms of financing, changes in interest rates, exchange rates, corporate tax rates and other operating expenses, environmental laws and regulations, and other governmental rules and fiscal policies, energy prices, changes in the relative popularity of certain industries or the availability of purchasers to acquire companies, and dependence on cash flow, as well as acts of God, uninsurable losses, war, terrorism, earthquakes, hurricanes or floods and other factors which are beyond the control of the Fund or the Investment Funds. Unexpected volatility or lack of liquidity, such as the general market conditions that prevailed in 2008, could impair the Fund's performance and result in its suffering losses. The value of the Fund's total net assets is expected to fluctuate. To the extent that the Fund's portfolio is concentrated in securities of a single issuer or issuers in a single sector, the investment risk may be increased. The Fund's or an Investment Fund's use of leverage is likely to cause the Fund's average net assets to appreciate or depreciate at a greater rate than if leverage were not used.

The Fund is a non-diversified, closed-end management investment company with limited performance history that a Shareholder can use to evaluate the Fund's investment performance. The Fund may be unable to raise substantial capital, which could result in the Fund being unable to structure its investment portfolio as anticipated, and the returns achieved on these investments may be reduced as a result of allocating all of the Fund's expenses over a smaller asset base. The initial operating expenses for a new fund, including start-up costs, which may be significant, may be higher than the expenses of an established fund. The Investment Funds may, in some cases, be newly organized with limited operating histories upon which to evaluate their performance. As such, the ability of the Adviser to evaluate past performance or to validate the investment strategies of such Investment Funds will be limited. In addition, the Adviser has not previously managed the assets of a closed-end registered investment company.

Closed-End Fund; Liquidity Risks. The Fund is a non-diversified closed-end management investment company designed principally for long-term investors and is not intended to be a trading vehicle. An investor should not invest in the Fund if the investor needs a liquid investment. Closed-end funds differ from open end management investment companies (commonly known as mutual funds) in that investors in a closed-end fund do not have the right to redeem their shares on a daily basis at a price based on net asset value.

Disclaimers

The MSCI World Index captures large- and mid-cap equity representation across 23 developed markets (DM) countries. With 1,509 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Investors cannot invest directly in an index.

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